



**COMMISSIONER OF SECURITIES
STATE OF GEORGIA**

In the matter of

**212 Advisory Group, LLC
and David Allred**

Respondents.

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ENSC-190818

ORDER TO CEASE AND DESIST AND IMPOSITION OF CIVIL PENALTY

This matter comes before the Commissioner of Securities for the State of Georgia (“Commissioner”) pursuant to the authority granted in O.C.G.A. § 10-5-70, *et seq.* of the Georgia Uniform Securities Act of 2008, as amended (“Act”). Whereas, the Commissioner undertook an investigation into the acts and practices of 212 ADVISORY GROUP, LLC (“212”) and DAVID ALLRED (“Allred”) (collectively “Respondents”).

Based on the investigation, the Commissioner has found grounds to conclude that Respondents may have engaged in acts or practices constituting violations of the Act. The Commissioner has determined it is in the public interest to issue this Order.

Based upon information obtained during the investigation, the Commissioner finds as follows:

I. FINDINGS OF FACT

1. 212 is an active domestic limited liability company registered with the Georgia Office of the Secretary of State’s Corporations Division. 212 was formed on August 20, 2010. 212’s principal office address is listed as 6140 Hannah Street, Covington, Georgia 30014.

2. 212 was first registered with the Commissioner as an investment adviser pursuant to O.C.G.A. § 10-5-32 on September 1, 2010. 212 failed to renew its annual registration with the Commissioner on December 31, 2014 and again on December 31, 2018. For the 2014 occurrence,

212 reapplied for registration with the Commissioner in the months following the failure to renew, and was subsequently registered. For the 2018 occurrence, 212 has not attempted to reapply for registration with the Commissioner and is not currently registered with the Commissioner as an investment adviser. 212's CRD Number is 154995.

3. Allred is the Managing Member, Chief Compliance Officer, direct owner, and sole investment adviser representative of 212. Allred has been registered with the Commissioner as an investment adviser representative of 212 pursuant to O.C.G.A. § 10-5-33 since September 2, 2010. Allred's annual registration failed to renew in 2014 and 2018. For the 2014 occurrence, Allred reapplied for registration with the Commissioner in the months following the failure to renew, and was subsequently registered. For the 2018 occurrence, Allred has not attempted to reapply for registration with the Commissioner and is not currently registered with the Commissioner as an investment adviser representative. Allred's CRD Number is 5439801.

4. The Commissioner initiated a routine examination of 212 on September 15, 2016. During the examination, the Commissioner's staff noted and warned 212 of its annual filing requirements and the necessity of maintaining policies and procedures specifically written to ensure compliance with the Act and Rules.

5. During the course of the Respondents reapplications for registration after the 2014 failure to renew, Allred provided the Commissioner with a statement in a letter dated February 6, 2015 that the Respondents had not provided advisory services during the period that the Respondents were unregistered. The Commissioner's examination revealed that the Respondents misrepresented to the Commissioner the advisory services provided during the unregistered period. As a result of the misrepresentation regarding the unregistered activity, the Commissioner issued the Respondents a Letter of Caution dated January 10, 2017.

II. CONCLUSIONS OF LAW

6. Paragraphs 1 through 5 are incorporated by reference as though fully set forth herein.

7. The Commissioner has jurisdiction over this matter pursuant to the Act. *See* O.G.C.A. §§ 10-5-70 and 10-5-71.

8. Pursuant to O.C.G.A. § 10-5-73(a)(1) of the Act, if the Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or Rules, the Commissioner may "[i]ssue an order directing the

person to cease and desist from engaging in the act, practice, or course of business, or to take other action necessary or appropriate.”

9. Pursuant to O.C.G.A. § 10-5-73(d), “the Commissioner may impose a civil penalty up to \$50,000.00 for a single violation or up to \$500,000.00 for more than one violation.”

10. Pursuant to O.C.G.A. § 10-5-41(b), the Commissioner may revoke, suspend, condition, or limit the registration of a registrant if the Commissioner finds that the penalty is in the public interest and the Commissioner’s action is authorized by O.C.G.A. § 10-5-41(d).

11. Pursuant to O.C.G.A. § 10-5-41(d)(2) a person may be disciplined if that person “[w]illfully violated or willfully failed to comply with this chapter or the predecessor Act or a rule adopted or order issued under this chapter or the predecessor Act within the previous ten years.”

12. Pursuant to O.C.G.A. § 10-5-2(17), the term “investment adviser” is defined as “a person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analysis or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice to others for compensation as part of a business or that holds itself out as providing investment advice to others for compensation.”

13. Pursuant to O.C.G.A. § 10-5-2(19), an “investment adviser representative” is defined as “an individual employed by or associated with an investment adviser or federal covered investment adviser who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing.”

14. Pursuant to Rule 590-4-4-.08(2), “[a]ll renewal notices must be filed with all necessary information and required filing fees no earlier than October 1st and no later than December 31st of each year.” When Respondents failed to renew their respective registrations with the Commissioner by December 31, 2018, Respondents violated Rule 590-4-4-.08(2) and are operating in an unregistered capacity.

15. Pursuant to O.C.G.A. § 10-5-32, “[i]t is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration as an investment adviser.” 212 is operating as an unregistered investment adviser in violation of O.C.G.A. § 10-5-32, and therefore, is subject to penalties pursuant to O.C.G.A. §§ 10-5-41 and 10-5-73.

16. Pursuant to O.C.G.A. § 10-5-33, “[i]t is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative or is exempt from registration as an investment adviser.” Allred is operating as an unregistered investment adviser representative in violation of O.C.G.A. § 10-5-33, and therefore, is subject to penalties pursuant to O.C.G.A. §§ 10-5-41 and 10-5-73.

III. ORDER

WHEREFORE, by the authority vested in me as the Commissioner of Securities for the State of Georgia, **IT IS HEREBY ORDERED**:

1. That **212 ADVISORY GROUP, LLC** and **DAVID ALLRED** immediately **CEASE AND DESIST** all violations of the Georgia Uniform Securities Act of 2008, as amended.

2. **212 ADVISORY GROUP, LLC** and **DAVID ALLRED**, jointly and severally, pay a civil penalty in the amount of twenty thousand dollars (\$20,000.00). Full payment of this monetary penalty is due within thirty (30) days of the entry of a Final Order by the Commissioner of Securities.

The entry of the Order is deemed to be in the public interest and shall not be deemed to constitute findings or conclusions relating to other persons unrelated to Respondents and shall not be deemed to be a waiver or estoppel on the part of the Commissioner from proceeding in individual actions against any person who may have violated the Act or any transactions not specifically referred to herein or not known to the Commissioner at the time this Order was issued.

SO ORDERED this 6th day of March, 2019.

**SECRETARY OF STATE
COMMISSIONER OF SECURITIES**

By: C. Ryan Germany
C. Ryan Germany
Assistant Commissioner of Securities